

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Homer Electric Association****Project Title:**

Homer Electric Association - Upgrade Electrical Distribution and Transmission System

State Funding Requested: \$ 12,500,000**House District: Kenai Areawide (33-35)**

One-Time Need

Brief Project Description:

Upgrade the electrical distribution and transmission system that serves the industrial area of North Kenai and Nikiski

Funding Plan:**Total Cost of Project: \$12,500,000**Funding Secured*Amount FY*Other Pending Requests*Amount FY*Anticipated Future Need*Amount FY*

There is no other funding needed

*Explanation of Other Funds:**Railbelt Energy Funds***Detailed Project Description and Justification:**

The funds will be used to upgrade the electric distribution and transmission system that serves the industrial area of North Kenai and Nikiski. Homer Electric customers in this area include Tesoro, Conoco Phillips, XTO Energy and the BP Gas to Liquids facility. The continued viability of these industrial plants is extremely important to the overall economy of the Kenai Peninsula Borough and the state. The upgrade will provide a higher level of power reliability for these key commercial members of Homer Electric.

Project Timeline:

2008-2009

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Homer Electric Association

Grant Recipient Contact Information:

Contact Name:Bradley Janorschke

Phone Number:235-8551

Address:3977 Lake Street Homer, AK 99603

Email:

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No



Homer Electric Association, Inc.

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April 3, 2008

Representative Mike Chenault
Co-chair, House Finance Committee
State Capitol, Rm. 505
Juneau, AK 99801

Dear Representative Chenault,

As always, Homer Electric Association appreciates your willingness to work on projects that are important to the cooperative and the overall economic well-being of the Kenai Peninsula and the state of Alaska. In earlier discussions, we agreed that it was unlikely the Railbelt Energy Fund would be a topic of discussion during this year's legislative session. However, it now appears the Legislature may consider using the fund for various projects. If that is the case, I would like to request that Homer Electric be appropriated \$12.5 million from the Railbelt Energy Fund.

The funds will be used to upgrade the electric distribution and transmission system that serves the industrial area of North Kenai and Nikiski. Homer Electric customers in this area include Tesoro, Conoco Phillips, XTO Energy, and the BP Gas to Liquids facility. The continued viability of these industrial plants is extremely important to the overall economy of the Kenai Peninsula Borough and the state. The \$12.5 million upgrade will provide a higher level of power reliability for these key commercial members of Homer Electric.

From Homer Electric's perspective, and based on previous Railbelt Energy Fund appropriations to other utilities, this request is a fair and equitable allocation of the remaining funds that were set aside in the 1980's to meet the energy needs of the Railbelt area.

Over the years, the Railbelt Energy Fund has been used to support a variety of projects, including:

- \$64 million in 1993 to Golden Valley Electric Association to construct the Northern Intertie;
- \$20.3 million in 2002 to AIDEA to upgrade the Anchorage to Fairbanks intertie (primary benefit to Golden Valley Electric Association);
- \$19.8 million in 2002 to Anchorage Municipal Light & Power to upgrade a transmission line from Anchorage to the Eklutna Power Plant.

Up to now, Homer Electric Association has not received an appropriation from the Railbelt Energy Fund.



I respectfully urge the Legislature to approve a \$12.5 million appropriation from the Railbelt Energy Fund to Homer Electric Association.

Thank you for your continued support and please call me with any questions regarding this important issue.

Sincerely,
Homer Electric Association

A handwritten signature in black ink, appearing to read "Bradley P. Janorschke", written in a cursive style.

Bradley P. Janorschke
General Manager